

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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July 7, 2004

Mid-Session Review: Improving Low Expectations Is Not Progress

Dear Democratic Colleague:

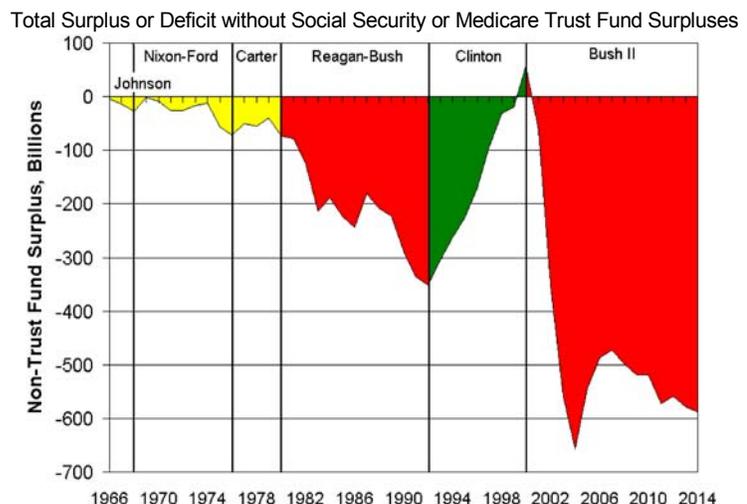
Sometime around July 15, the Office of Management and Budget will release its annual *Mid-Session Review* of the budget.

In the budget in February, the Administration projected a deficit for this year that was almost \$50 billion higher than CBO's estimate (\$521 billion, versus CBO's \$477 billion). In fact, this projection was so high that many outside analysts did not find the estimate credible. Now, with the fiscal year almost over, the Administration will claim victory, because the deficit clearly will be lower than their earlier, pessimistic estimate. They may even claim that the deficit "is down." In reality, however, the deficit for fiscal year 2004 will be the largest in our nation's history.

In the last fiscal year of President George H.W. Bush's term, he accumulated the then-record deficit of \$290 billion. President George W. Bush worsened the budget in every year of his term of office, and by fiscal year 2003 broke his father's record with a deficit of \$375 billion.

This year, President Bush is likely to set yet another record with a deficit of between \$425 billion and \$450 billion. But instead of recognizing responsibility for increasing the deficit from 2003's actual \$375 billion, the Administration may claim credit for "reducing" the deficit from its own 2004 projection of \$521 billion.

A Fiscal Opportunity Lost



A rising, new record deficit is not an improvement. The deficit is going up, not down. Republicans must accept responsibility for the record deficits they are imposing on our nation.

Next week, around the time of the White House release, we will be sending your office more information analyzing the new data and explaining how the flawed Republican tax policies have created this debt. In the interim, please feel free to give me a call if you have any questions.

Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member